JUDGE:	Hon. Marc L. Barreca
CHAPTER:	Chapter 7
HEARING DATE:	January 6, 2012
HEARING TIME:	9:30 a.m.
HEARING SITE:	700 Stewart St., #7106 Seattle, WA 98101
RESPONSE DATE:	December 30, 2011

UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: ADAM GROSSMAN, Debtor.	Case No. 10-19817 FIRST INTERIM APPLICATION FOR COMPENSATION FOR REIMBURSEMENT OF EXPENSES BY WOOD & JONES, P.S., ATTORNEY FOR CHAPTER 7 TRUSTEE

Denice E. Moewes of the firm of Wood & Jones, P.S., attorney for the Chapter 7 Trustee, Ronald G. Brown, hereby files this first interim application for compensation and reimbursement of expenses and in support thereof states as follows:

Adam Grossman filed a voluntary chapter 11 bankruptcy petition on August 19, 2010 ("Petition Date"). On March 11, 2011 the case was converted to a chapter 7.

Ronald G. Brown was appointed as the Chapter 11 Trustee on or about December 22, 2010. Ronald Brown was appointed as the Chapter7 Trustee on March 11, 2011.

I. EMPLOYMENT OF PROFESSIONALS

Chapter 11

Pursuant to court order dated November 12, 2010 the Tsai Law Firm was employed as special counsel to represent the debtor in his State Court divorce proceeding.

Pursuant to court order dated January 31, 2011 Wood & Jones, P.S. was employed as the attorneys for the Chapter 11 Trustee.

Pursuant to court order dated February 25, 2011 Rob Middleton and The House of Realty were hired as the real estate agents for the Chapter 11 Trustee.

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Chapter 7

Pursuant to court order dated May 16, 2011 Rob Middleton and The House of Realty were hired as the real estate agents for the Chapter 7 Trustee.

Pursuant to court order dated April 16, 2011 Wood & Jones, P.S. was employed as the attorneys for the Chapter 7 Trustee in this case.

II. SUMMARY OF SERVICES

The services have been broken into 11 separate categories each of which is discussed below.

INVESTIGATION/TRACING

We have conducted, and are still conducting, an investigation into what has become of approximately $800,000.;00 of funds the debtor had under his possession and control via the Tanager Fund/Terrington Davies investment accounts. It is undisputed that as of the Petition Date the funds were in the accounts and those accounts were under the possession and control of the debtor. The exact amount of funds that belonged to Adam Grossman either individually, or as a community with his then wife, Jill Borodin is unknown at this point in time.

We have traced the funds through several accounts, but the Debtor continues to open up accounts in the names of new entities and is not forth coming with information.

All services rendered which relate to the investigation/tracing of the debtor's assets are marked "INV" and total $5,007.50.

KEYWEST FINANCIAL, LLC.

The debtor allegedly transferred all of his assets on December 15, 2010 to a group known as Keywest Financial, LLC for a price of $400,000.00 with payments to commence in July of 2011. To date no payments have been made and it is questionable whether Keywest even exists other than as a front or shell for the debtor.

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We prepared a Rule 2004 motion and order requiring Keywest to produce documentation relating to its alleged purchase of all of the debtors assets. The order was entered on March 29, 2010. Keywest failed to comply with the 2004 order. We prepared a motion and order to show cause, and for civil contempt against Keywest. which resulted in this court entering Order Finding Keywest in contempt and assessing sanctions of $1,000.00 per day. As of this date Keywest has not complied with the order or paid any sanctions, despite the fact it now owes approximately $60,000.00 in sanctions to this estate.

Keywest is one of the named Defendants in the adversary proceeding filed by the Trustee on October 6, 2011 pending under case number 11-1954.

All services rendered which relate to Keywest are marked "KW" and total $9,707.50.

2004 ORDERS/ SUBPOENAS

As of this date the Trustee has obtained numerous 2004 orders and issued an astonishing number of subpoenas in his quest to locate the assets of the debtor.

The time spent preparing and serving the subpoenas and 2004 motions and orders are set forth in detail on the attached invoices.

All services rendered which relate to the 2004 orders, subpoenas, and the contempt motions, hearing and scheduled evidentiary hearings are marked "2004" and total $7,110.00.

STATE COURT DIVORCE ISSUES

The Debtor has attempted to invoke the jurisdiction of the Bankruptcy Court whenever he deems beneficial in his ongoing divorce litigation in State Court. We have spent substantial time on the phone and preparing declarations relating to the Trustee's position on the interplay between the Bankruptcy Court and the State Court. In fact, we grew so tired of the constant misstatements by the debtor regarding what was transpiring in the Bankruptcy Court that Denice Moewes personally appeared at the State Court hearing conducted on November 30, 2011 and answered numerous questions posed by the Judge Ramsdell as to this bankruptcy proceeding

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and her understanding as to what the State Court could and could not do in light of this pending bankruptcy proceeding.

All services rendered which relate to the State Court Divorce Issues are marked "Div" and total $6,934.19.

CONVERSION

Shortly after being employed in this case it became apparent to both the trustee and his counsel that there was no point for this case to remain in a chapter 11 and thus we prepared and filed a motion to convert the case to a chapter 7. In response, and on shortened time, the debtor moved to convert this case to a chapter 13. Judge Steiner denied the motion to convert to a chapter 13 and instead granted the trustee's motion and converted the case to a chapter 7 on March 11, 2011.

Two months later, after the case was transferred to this Court, the debtor again filed a motion to convert the case to a chapter 13, again on shortened time. We prepared a rule 11 safe harbor letter and sent it to the debtor's counsel advising we found the motion sanctionable. The motion was continued numerous times and ultimately was stricken after the debtor admitted in a declaration filed in his state court divorce action that he was not employed.

All services rendered which relate to the various conversion motions are marked with the "Conv" and total $8,932.50.

341 MEETING/ 2004 EXAMINATIONS

We have prepared for and attended at least two 341 meetings and one 2004 examination. All time spent preparing for the 341 meetings and the 2004 exam are marked "341" and total $9,165.00.

O'CONNER FEE/EMPLOYMENT ISSUES

The debtor's counsel, Matthew O'Conner, never obtained an order authorizing his employment in either the chapter 11 or the chapter 7. Shortly after the case was converted Mr.

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O'Conner filed a motion to withdraw. We prepared a conditional objection to said motion because he had never been employed, and as such we believed he had to turnover the funds in his trust account. The Court allowed Mr. O'Conner to withdraw as counsel, but required him to hold the funds in his trust account.

Mr. O'Conner then filed a motion to allow him to pay himself from the funds he was holding in his trust account. The Court denied that motion as well. Thereafter we filed a motion to compel turnover of the funds in Mr. O'Conner's trust account. The Court granted said motion and the funds have been turned over.

All services rendered which relate to the O'Conner fee issues are marked "OFI" and total $975.00.

TSAI LAW GROUP FEE ISSUES

The Tsai Law Group was employed, *nunc pro tunc*, to represent the debtor in his state court divorce proceeding, on the condition that all fees be approved after notice and hearing. The Tsai Group received approximately $30,000.00 as a pretrial retainer. The Tsai Group paid itself the $30,000.00 without court approval and in fact did not even file a fee application seeking approval of those fees prior to paying itself.

Some six months later, in February, 2011, the Tsai Law Group receive another approximately $30,000.00. After the case converted to a chapter 7 the Tsai Law Group filed a fee application. The Trustee did not object to approval of the fees but did object to the payment of the fees. Ultimately, after a few hearings on this motion, the Tsai Law Group turned the $30,000.00 of funds it obtained in February of 2011 to the Trustee. Demand has been made for turnover of the other $30,000.00 but no response has been received.

All services rendered which relate to the Tsai fee issues are marked "TFI" and total $7,170.00.

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GLOBAL AVOIDANCE COMPLAINT

The Trustee learned that the debtor not only transferred all of his assets to Keywest for no apparent consideration, but transferred the same assets to other people, also for no consideration, and also granted deeds of trust to estate property for no consideration, all post-petition and all transfers were made without court authority.

The Trustee filed a complaint on October 6, 2011 to avoid the transfers. The Trustee realized that there were other transfers made post-petition which should have been included in the complaint so on November 3, 2011 we filed an amended complaint. The complaint was served and answers were due on Monday, December 12, 2011.

As soon as the complaint was filed we began working on a summary judgment motion. The motion is done in draft and all we are waiting on is the title reports from the title insurance companies.

All services rendered which relate to the Global complaint to avoid the post-petition transfers are marked “Global” and total $18,767.50.

SETTLEMENT DISCUSSION

The Trustee has received at least three settlement offers from the debtor, to which he has responded. Further, at the debtor’s request we attended a settlement meeting with the debtor and his counsel. To date no settlement has occurred.

All services rendered which relate to potential settlements are marked “Sett” and total $5,497.50.

ADMINISTRATION/MISCELLANEOUS

All services rendered which relate solely to administration type tasks such as hiring packages and creditor calls, as well as other services which are not large enough to warrant their own category are marked “Admin” or “Misc” and total $2,515.00.

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III. CLAIMS

The claims bar date expires on February 14, 2012.

IV. PREVIOUS ALLOWANCES

Wood & Jones, P.S. has received no payments and no promises for payments from any source for services rendered or to be rendered in any capacity whatsoever in connection with this case, and there is no agreement or understanding between me and any other person other than members of my firm for sharing of the compensation to be received for services rendered in this case.

V. RATES OF COMPENSATION

The hourly billing rate of Edmund Wood and Denice Moewes has been as follows:

Year	Ed Wood	Denice Moewes
2011	$350.00	$325.00

The hourly billing rate for Tess Kent has been $125 at all times relevant herein. The billing rate of Jim Sykes was $35 per hour.

We seek compensation in the amount of $9,290.00 for professional services rendered in the Chapter 11 and costs in the amount $36.27. We are not seeking payment of any approved Chapter 11 fees or costs at this point in time. We are seeking compensation in the amount of $72,581.50 for professional fees rendered and fees in the amount of $4,684.40 during the chapter 7. We are seeking approval and disbursement of approved Chapter 7 fees and costs. Wood & Jones, P.S. believes its services have been reasonable, necessary and beneficial to the estate and are being requested in compliance with the Bankruptcy Code and Rules. Wood & Jones is a disinterested party. A summary of time and costs expended by Wood & Jones from January through September 30, 2011 are attached to the Declaration of Denice Moewes as Exhibit "A" which Declaration is being filed simultaneously herewith. No interest on the unpaid balance is sought.

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VI. EXPENSES

Wood & Jones, P.S. incurred expenses in the amount of $4,684.40 during the chapter 7 proceeding. Wood & Jones, P.S. is seeking approval of these costs, and disbursement of these costs at this time. All expenses incurred are also reflected on the itemized billings attached to the Moewes Declaration as Exhibit "1".

VII. FUNDS ON HAND

There is approximately $50,000.00 of unencumbered funds on hand with the Trustee.

VIII. FURTHER SERVICES TO BE RENDERED.

The Trustee believes the Global Complaint will be resolved in the next several weeks, and the estate assets which were transferred out of the estate will be deemed property of the estate, and title to those properties will be quieted in the name of the Trustee. Once that is accomplished the Trustee intends to have his real estate agent immediately list the properties for sale.

The Trustee intends to continue to investigate to whom the $800,000.00 of funds in the Terrington Davies account was transferred and recover those funds for the benefit of the creditors.

WHEREFORE, we seek allowance of our fees in the amount of $9,290.00 for professional services rendered in this Chapter 11 and costs in the amount of $36.27 for a total of $9,326.27. We are not seeking payment of any approved Chapter 11 fees and expenses at this point in time. We are seeking compensation in the amount of $72,581.50 for professional services rendered in the Chapter 7 proceeding and expenses in the amount of $4,684.40 for professional fees rendered during the chapter 7. Thus we are seeking approval and disbursement of approved Chapter 7 fees and costs in the amount of $77,265.90.

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Dated this 13th day of December, 2011.

WOOD & JONES, P.S.
/s/ Denice E. Moewes
Denice E. Moewes, WSBA #19464
Attorney for Chapter 7 Trustee
Ronald G, Brown

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